

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re: § Case No. 23-30960 (jpn)
Sourcewater, Inc. dba Sourcenergy, § Chapter 11
Debtor. § Subchapter V

**NOTICE OF FILING STATEMENT OF CASH FLOWS, PROFIT AND LOSS
STATEMENT, AND BALANCE SHEET FOR THE PERIOD
JANUARY 1, 2023 – MARCH 17, 2023**

PLEASE TAKE NOTICE of the attached Debtor's:

1. Statement of Cash Flows;
2. Profit and Loss Statement; and
3. Balance Sheet.

Each of these financial documents are for the period January 1, 2023 – March 17, 2023.

Dated: April 18, 2023

Respectfully submitted,

**CHAMBERLAIN, HRDLICKA, WHITE,
WILLIAMS & AUGHTRY, P.C.**

By: /s/ Jarrod B. Martin
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Proposed Counsel for Debtor

Sourcenergy, Inc.
Profit and Loss
January - December, 2023

| | Jan-23 | Feb-23 | Mar 1-17, 23 | Total |
|---|----------------------|----------------------|----------------------|-----------------------|
| Income | | | | |
| Sales | | | | |
| Data Base Subscriptions | 59,031.88 | 51,099.59 | 52,274.56 | 162,406.03 |
| Late Fees + CC Fees | | | | 0.00 |
| Services | | 1,675.89 | 1,692.87 | 3,368.76 |
| Total Sales | \$ 59,031.88 | \$ 52,775.48 | \$ 53,967.43 | \$ 165,774.79 |
| Total Income | \$ 59,031.88 | \$ 52,775.48 | \$ 53,967.43 | \$ 165,774.79 |
| Cost of Goods Sold | | | | |
| Data Costs | 5,550.00 | 7,000.00 | 8,000.00 | 20,550.00 |
| Website Hosting & Support | 16,272.05 | | | 16,272.05 |
| Total Cost of Goods Sold | \$ 21,822.05 | \$ 7,000.00 | \$ 8,000.00 | \$ 36,822.05 |
| Gross Profit | \$ 37,209.83 | \$ 45,775.48 | \$ 45,967.43 | \$ 128,952.74 |
| Expenses | | | | |
| Advertising - Digital | 30.05 | 1,607.51 | | 1,637.56 |
| Advertising - Marketing | 2,735.42 | 52.23 | 27.23 | 2,814.88 |
| Bank Charges | 26.56 | 50.00 | 50.51 | 127.07 |
| Conference Fees | | 480.00 | 1,820.06 | 2,300.06 |
| Industry Events/Materials | | 450.00 | | 450.00 |
| Insurance | 1,205.49 | 1,205.49 | 910.26 | 3,321.24 |
| Interest Expense | 699.13 | 630.50 | 613.90 | 1,943.53 |
| Meals and Entertainment | | | | 0.00 |
| Travel Meals | | | | 0.00 |
| Total Meals and Entertainment | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 |
| Memberships | | | | 0.00 |
| Merchant Processing Fees | 51.00 | 52.00 | 32.00 | 135.00 |
| Office Expenses | | | | 0.00 |
| Office Rent | 30.00 | 30.00 | 30.00 | 90.00 |
| Online Software & Subscriptions | 2,578.09 | 2,629.79 | 819.68 | 6,027.56 |
| Payroll | | | | |
| Commissions | 1,984.64 | 4,279.82 | 0.00 | 6,264.46 |
| Employer Taxes | 3,613.73 | 1,354.57 | 537.79 | 5,506.09 |
| Health Care | 5,928.40 | 4,816.78 | 462.21 | 11,207.39 |
| Health Care - Employee Deductible | -1,969.56 | -2,201.86 | -140.78 | -4,312.20 |
| Processing Fees | 242.11 | 103.00 | 221.33 | 566.44 |
| Severance Pay | | 14,318.26 | | 14,318.26 |
| Wages | 44,761.52 | 30,641.59 | 3,745.02 | 79,148.13 |
| Total Payroll | \$ 54,560.84 | \$ 53,312.16 | \$ 4,825.57 | \$ 112,698.57 |
| Product Consulting | | | | 0.00 |
| Professional Fees | | | | |
| General | | | | 0.00 |
| Legal & Accounting | 2,391.00 | 12,799.38 | 55,575.00 | 70,765.38 |
| Marketing Consulting | | | | 0.00 |
| Patent Work | 5,553.00 | 2,370.00 | 2,865.00 | 10,788.00 |
| Product Development | 4,350.00 | 3,629.00 | | 7,979.00 |
| Total Professional Fees | \$ 12,294.00 | \$ 18,798.38 | \$ 58,440.00 | \$ 89,532.38 |
| Research & Development | | 28.00 | 28.00 | 56.00 |
| Shipping & Postage | | | | 0.00 |
| Taxes & Licenses | | | | 0.00 |
| Travel | | | | 0.00 |
| Utilities | -144.89 | 158.00 | 166.14 | 179.25 |
| Total Expenses | \$ 74,065.69 | \$ 79,484.06 | \$ 67,763.35 | \$ 221,313.10 |
| Net Operating Income | -\$ 36,855.86 | -\$ 33,708.58 | -\$ 21,795.92 | -\$ 92,360.36 |
| Other Income | | | | |
| Other Income | | | | 0.00 |
| Total Other Income | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 |
| Other Expenses | | | | |
| Interest Expense-Convertible Notes | 8,138.33 | 8,138.33 | | 16,276.66 |
| Energy Debt Holdings LLC - Interest Paid | | | | 0.00 |
| Loss on Fixed Asset Disposal | | | | 0.00 |
| Total Other Expenses | \$ 8,138.33 | \$ 8,138.33 | \$ 0.00 | \$ 16,276.66 |
| Net Other Income | -\$ 8,138.33 | -\$ 8,138.33 | -\$ 0.00 | -\$ 16,276.66 |
| Net Income | -\$ 44,994.19 | -\$ 41,846.91 | -\$ 21,795.92 | -\$ 108,637.02 |
| EBITDA | -36,156.73 | -33,078.08 | -21,182.02 | -90,416.83 |

Sourcenergy, Inc.**Balance Sheet**

As of March 17, 2023

| | Jan-23 | Feb-23 | March 17, 2023 |
|---|------------------|--------------------------|------------------|
| ASSETS | | | |
| Current Assets | | | |
| Bank Accounts | | | |
| Cash Clearing | 0.00 | 0.00 | 0.00 |
| Checking - Amegy 6048 | -5,647.98 | -4,953.08 | -6,822.41 |
| Checking - BB&T 9075 | 456.02 | 456.02 | 456.02 |
| Checking - TD Bank 5650 | 1,510.00 | 1,510.00 | 1,510.00 |
| Savings - Amegy Sweep 8818 | -254.88 | -254.88 | -254.88 |
| Total Bank Accounts | <u>-\$</u> | <u>3,936.84</u> | <u>-\$</u> |
| Accounts Receivable | | | |
| Accounts Receivable | 204,573.79 | 198,421.08 | 202,655.23 |
| Total Accounts Receivable | <u>\$</u> | <u>204,573.79</u> | <u>\$</u> |
| Other Current Assets | | | |
| Due from Wellsite Navigator | 0.00 | 0.00 | 0.00 |
| Prepaid Expenses | 14,050.19 | 13,595.36 | 13,595.36 |
| Undeposited Funds | 0.00 | 0.00 | 0.00 |
| Total Other Current Assets | <u>\$</u> | <u>14,050.19</u> | <u>\$</u> |
| Total Current Assets | <u>\$</u> | <u>214,687.14</u> | <u>\$</u> |
| Fixed Assets | | | |
| Computers & Peripherals | 0.00 | 0.00 | 0.00 |
| Fixed Asset Office Equipment | 0.00 | 0.00 | 0.00 |
| Intangible Assets | 7,578.16 | 7,578.16 | 7,578.16 |
| Leasehold Improvements | 0.00 | 0.00 | 0.00 |
| x Accumulated Depreciation | 0.00 | 0.00 | 0.00 |
| Total Fixed Assets | <u>\$</u> | <u>7,578.16</u> | <u>\$</u> |
| Other Assets | | | |
| Security Deposits | 0.00 | 0.00 | 0.00 |
| Total Other Assets | <u>\$</u> | <u>0.00</u> | <u>\$</u> |
| TOTAL ASSETS | <u>\$</u> | <u>222,265.30</u> | <u>\$</u> |
| LIABILITIES AND EQUITY | | | |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts Payable | | | |
| Accounts Payable | 223,168.05 | 228,348.43 | 241,152.43 |
| Total Accounts Payable | <u>\$</u> | <u>223,168.05</u> | <u>\$</u> |
| Credit Cards | | | |
| CC - Amegy 9040 Control | 49,900.21 | 53,171.25 | 53,252.92 |
| CC - Amegy 1358 D Wallin | 0.00 | 0.00 | 0.00 |
| CC - Amegy 2687 S Brown | 0.00 | 0.00 | 0.00 |
| CC - Amegy 9057 J Adler | 0.00 | 0.00 | 0.00 |
| CC - Amegy 9081 D Moorefield | 0.00 | 0.00 | 0.00 |
| CC - Amegy 9099 J Halpern | 0.00 | 0.00 | 0.00 |
| Total CC - Amegy 9040 Control | <u>\$</u> | <u>49,900.21</u> | <u>\$</u> |
| CC - Amegy 9040 Control CC - Amegy 0293 L McDougald | 0.00 | 0.00 | 0.00 |
| Total Credit Cards | <u>\$</u> | <u>49,900.21</u> | <u>\$</u> |
| Other Current Liabilities | | | |
| Accrued Payroll Liability | 83,087.50 | 91,934.66 | 96,358.24 |
| Customer Deposits | 0.00 | 0.00 | 0.00 |
| Energy Debt Holdings LLC - Loan Payable | 529,152.61 | 529,152.61 | 529,152.61 |
| Payroll Clearing | 779.38 | 276.56 | 108.55 |
| Sales Tax Payable | 11,463.72 | 10,907.99 | 10,907.99 |
| Unearned Revenue | 297,243.92 | 251,325.83 | 199,051.27 |
| Total Other Current Liabilities | <u>\$</u> | <u>921,727.13</u> | <u>\$</u> |
| Total Current Liabilities | <u>\$</u> | <u>1,194,795.39</u> | <u>\$</u> |
| Long-Term Liabilities | | | |
| Convertible Note Payable-Investors | 400,749.66 | 400,749.66 | 400,749.66 |
| Interest Accrued - Convertible Notes Investors | 134,869.90 | 139,708.23 | 139,708.23 |
| Interest Accrued - Notes Payable Officer | 69,050.00 | 72,350.00 | 72,350.00 |
| Note Payable-Officer | 1,029,014.05 | 1,089,014.05 | 1,149,014.05 |
| Notes Payable - EIDL Loan | 494,848.00 | 492,322.00 | 489,796.00 |
| Notes Payable - PPP Loan | 0.00 | 0.00 | 0.00 |
| Total Long-Term Liabilities | <u>\$</u> | <u>2,128,531.61</u> | <u>\$</u> |
| Total Liabilities | <u>\$</u> | <u>3,323,327.00</u> | <u>\$</u> |
| Equity | | | |
| APIC - Series A | 7,682,645.91 | 7,682,645.91 | 7,682,645.91 |
| Series A Legal Fees | -120,638.62 | -120,638.62 | -120,638.62 |
| Total APIC - Series A | <u>\$</u> | <u>7,562,007.29</u> | <u>\$</u> |
| Common Stock | 4,000.00 | 4,000.00 | 4,000.00 |
| Retained Earnings | -10,622,074.80 | -10,622,074.80 | -10,622,074.80 |
| Net Income | -44,994.19 | -86,841.10 | -106,816.96 |
| Total Equity | <u>-\$</u> | <u>3,101,061.70</u> | <u>-\$</u> |
| TOTAL LIABILITIES AND EQUITY | <u>\$</u> | <u>222,265.30</u> | <u>\$</u> |
| | | | |

Sourcenergy, Inc.
Statement of Cash Flows
January 1 - March 17, 2023

| | Jan 2023 | Feb 2023 | Mar 1-17, 2023 | Total |
|---|---------------|---------------|-------------------|----------------|
| OPERATING ACTIVITIES | | | | |
| Net Income | -44,994.19 | -41,846.91 | -19,975.86 | -106,816.96 |
| Adjustments to reconcile Net Income to Net Cash provided by operations: | | | | 0.00 |
| Accounts Receivable | 71,465.22 | 6,152.71 | -4,234.15 | 73,383.78 |
| Prepaid Expenses | 454.83 | 454.83 | | 909.66 |
| Accounts Payable | -11,921.25 | 5,180.38 | 12,804.00 | 6,063.13 |
| CC - Amegy 9040 Control | -4,534.72 | 3,271.04 | 81.67 | -1,182.01 |
| CC - Amegy 9040 Control:CC - Amegy 9057 J Adler | 605.24 | | | 605.24 |
| CC - Amegy 9040 Control CC - Amegy 0293 L McDougald | 88.33 | | | 88.33 |
| Accrued Payroll Liability | 8,847.16 | 8,847.16 | 4,423.58 | 22,117.90 |
| Payroll Clearing | -112.50 | -502.82 | -168.01 | -783.33 |
| Sales Tax Payable | -900.55 | -555.73 | | -1,456.28 |
| Unearned Revenue | -49,231.88 | -45,918.09 | -52,274.56 | -147,424.53 |
| Total Adjustments to reconcile Net Income to Net Cash provided by operations: | \$ 14,759.88 | -\$ 23,070.52 | -\$ 39,367.47 | -\$ 47,678.11 |
| Net cash provided by operating activities | -\$ 30,234.31 | -\$ 64,917.43 | -\$ 59,343.33 | -\$ 154,495.07 |
| FINANCING ACTIVITIES | | | | |
| Interest Accrued - Convertible Notes Investors | 4,838.33 | 4,838.33 | | 9,676.66 |
| Interest Accrued - Notes Payable Officer | 3,300.00 | 3,300.00 | | 6,600.00 |
| Note Payable-Officer | 30,000.00 | 60,000.00 | 60,000.00 | 150,000.00 |
| Notes Payable - EIDL Loan | -2,526.00 | -2,526.00 | -2,526.00 | -7,578.00 |
| Net cash provided by financing activities | \$ 35,612.33 | \$ 65,612.33 | \$ 57,474.00 | \$ 158,698.66 |
| Net cash increase for period | \$ 5,378.02 | \$ 694.90 | -\$ 1,869.33 | \$ 4,203.59 |